



大新金融集團  
DAH SING FINANCIAL GROUP

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# Dah Sing Financial Group 2022 Annual Results

31 March 2023

## Performance highlights

- Increase in net interest income with improved net interest margin
- Underlying profit attributable to shareholders relatively stable year on year.
- Reported profit attributable to shareholders slightly down after excluding the gain on the termination of the former bancassurance distribution agreement and the impairment provision on our investment in BOCQ attributable to an update to the valuation model in 2022
- Mild contraction in loan book. Weaker credit quality, leading to higher loan impairment charges
- Increase in gross insurance premium offset by lower investment returns
- Capital adequacy and liquidity remained solid: CET1: 15.2%, T1: 15.9%, Total: 19.3%, LMR: 50.4%

# Financial Highlights

# Dah Sing Banking Group (2356)

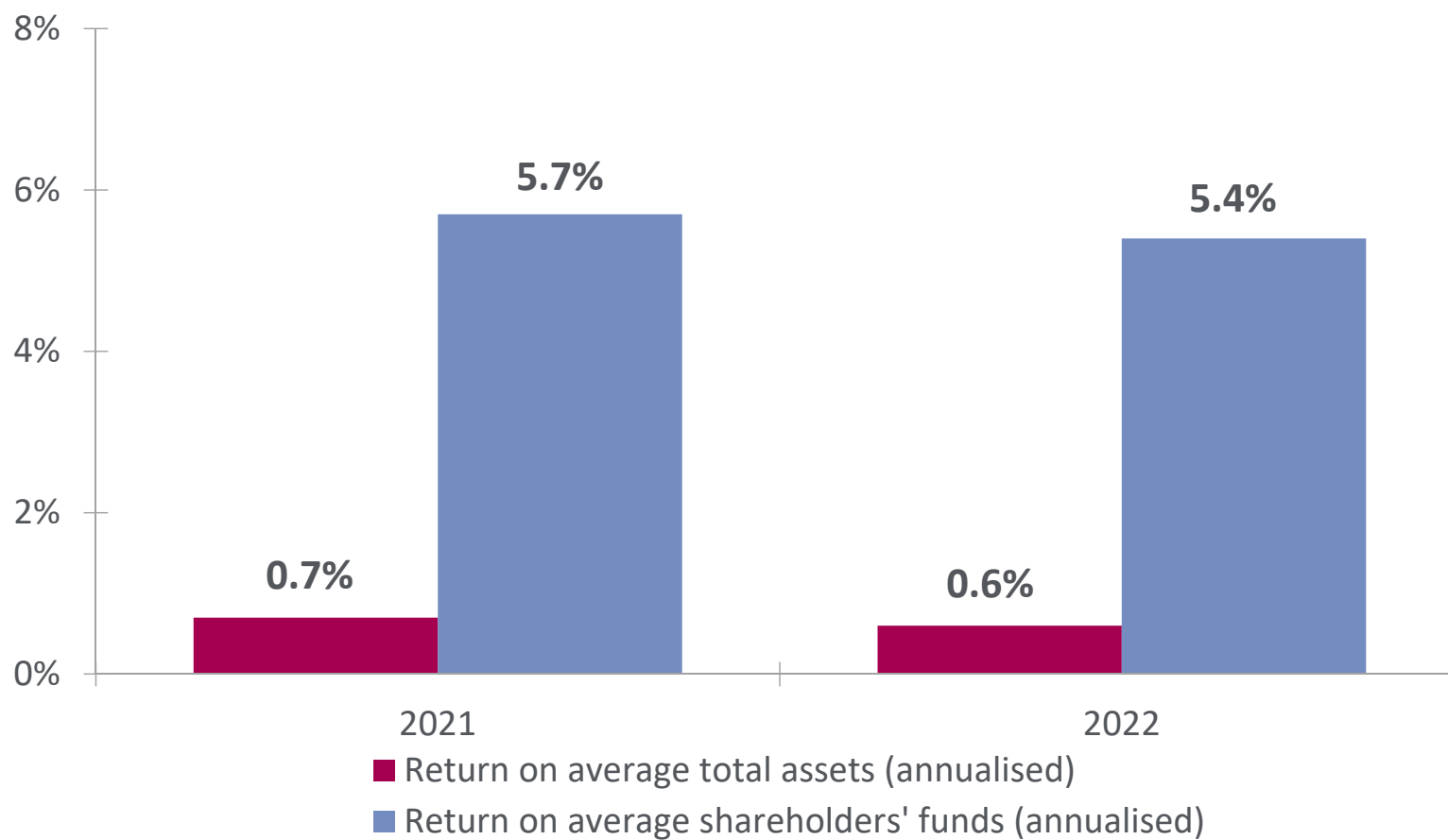
HK\$' million	2022	2021	Change
Net interest income	4,383	3,944	+11%
Net fee and commission income	2,249	1,197	+88%
Net trading income and other income	194	243	-20%
Total operating income	6,826	5,384	+27%
Operating expenses	(3,016)	(3,021)	-
Credit impairment losses	(803)	(373)	+115%
Operating profit after credit impairment losses	3,007	1,990	+51%
Profit shared from BOCQ	657	698	-6%
Impairment loss on investment in BOCQ	(1,683)	(726)	+132%
<b>Profit attributable to shareholders</b>	<b>1,609</b>	<b>1,658</b>	<b>-3%</b>
Basic earnings per share (\$)	1.14	1.18	
Dividend per share (\$)	0.39	0.34	
Note:	Profit attributable to shareholders for 2022 excluding the gain on the termination of the former bancassurance distribution agreement of HK\$1,299 million and the impairment provision on the investment in BOCQ of HK\$1,385 million attributable to an update to the valuation model in 2022 is HK\$1,695 million, i.e. a 2% increase from HK\$1,658 million in 2021.		

# Dah Sing Financial Holdings (0440)

HK\$' million	2022	2021	Change
Net interest income	4,431	3,954	+12%
Net fee and commission income	2,236	1,186	+89%
Net trading income, net insurance premium and other operating income net of insurance claims and expenses	328	536	-39%
Total operating income net of insurance claims	6,995	5,676	+23%
Operating expenses	(3,166)	(3,205)	-1%
Credit impairment losses	(804)	(372)	+116%
Operating profit after credit impairment losses	3,025	2,099	+44%
Profit shared from BOCQ	657	698	-6%
Impairment loss on investment in BOCQ	(1,683)	(726)	+132
<b>Profit attributable to shareholders</b>	<b>1,171</b>	<b>1,308</b>	<b>-10%</b>
Basic earnings per share (\$)	3.67	4.09	
Dividend per share (\$)	1.14	1.06	
<p>Note: Profit attributable to shareholders for 2022 excluding the gain on the termination of the former bancassurance distribution agreement and the impairment provision on the investment in BOCQ attributable to an update to the valuation model in 2022 in DSBG level is HK\$1,235 million, i.e. a 6% decrease from HK\$1,308 million in 2021.</p>			

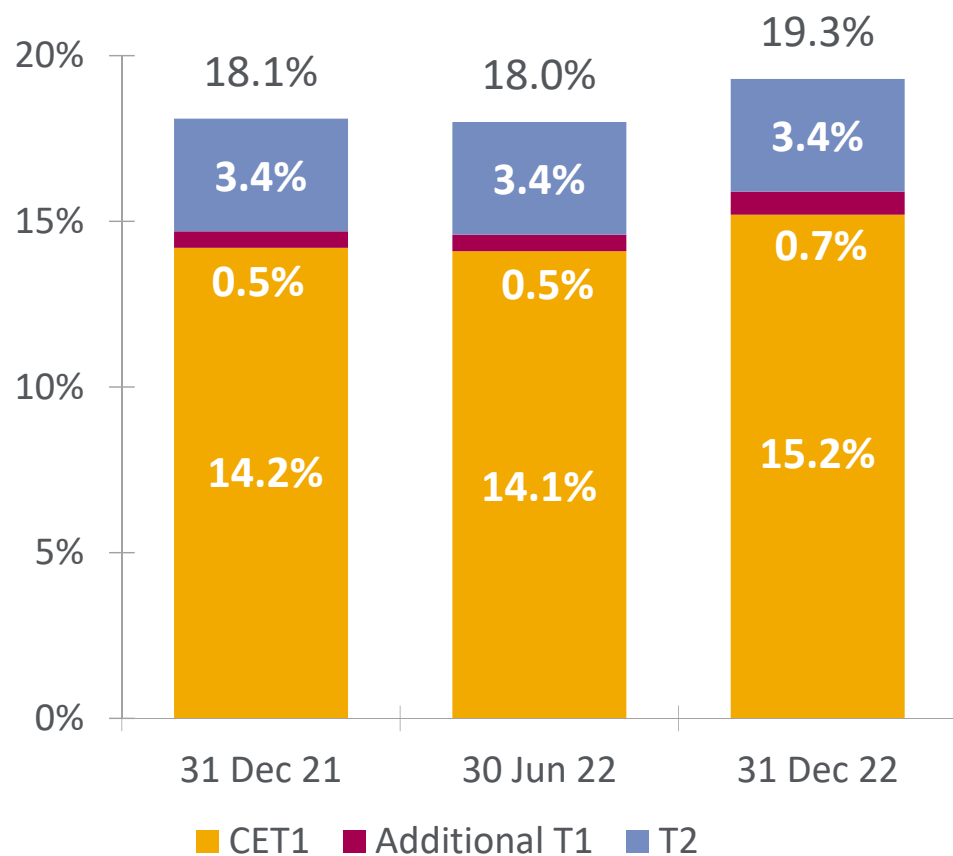
# Dah Sing Banking Group

# Key return indicators

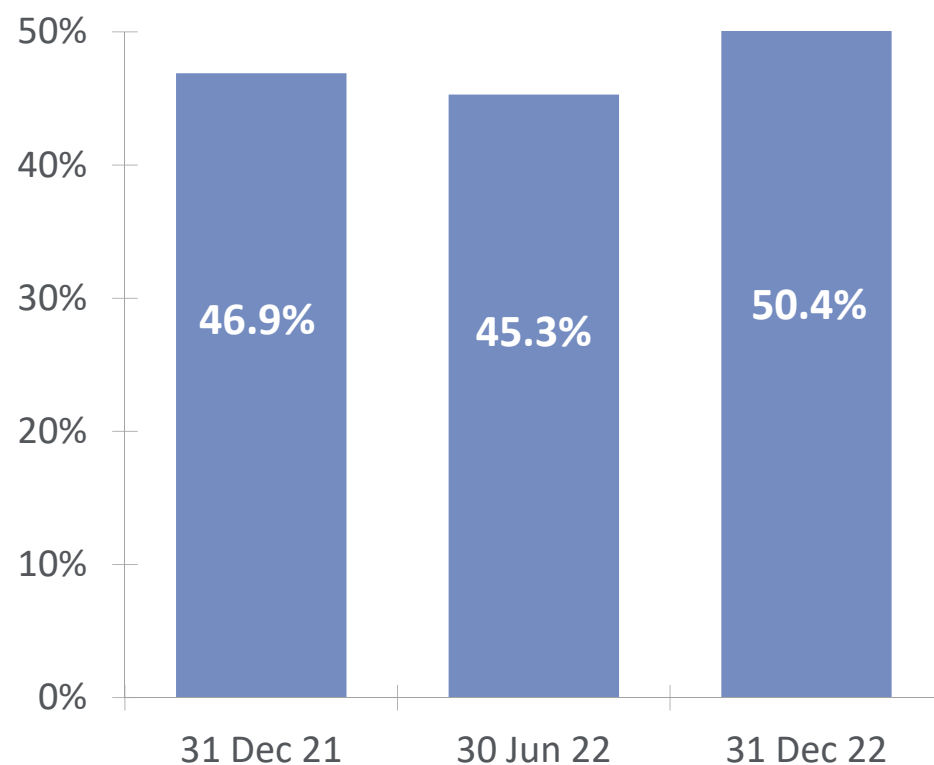


# Capital adequacy and liquidity

## Capital adequacy ratio

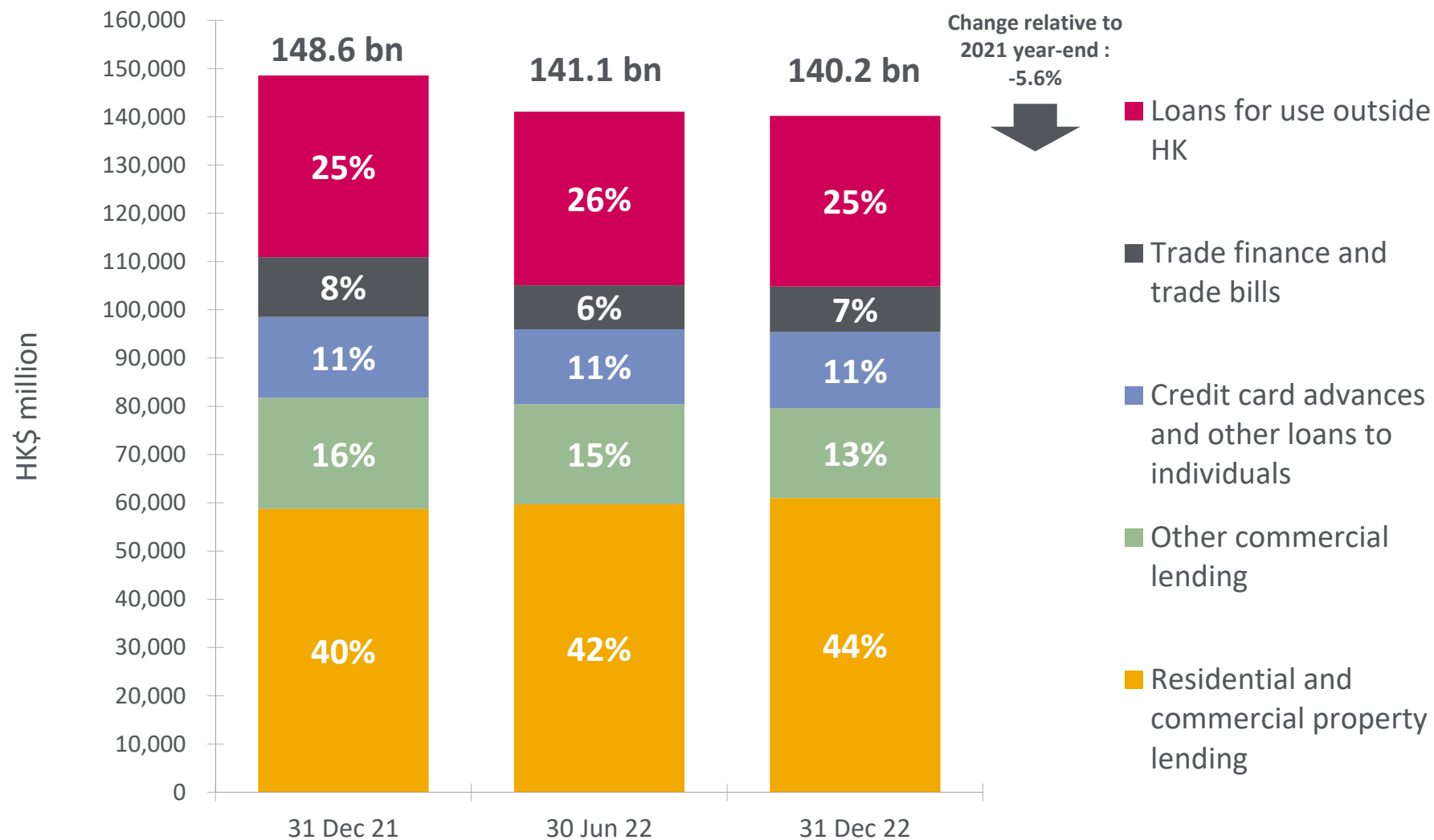


## Liquidity maintenance ratio

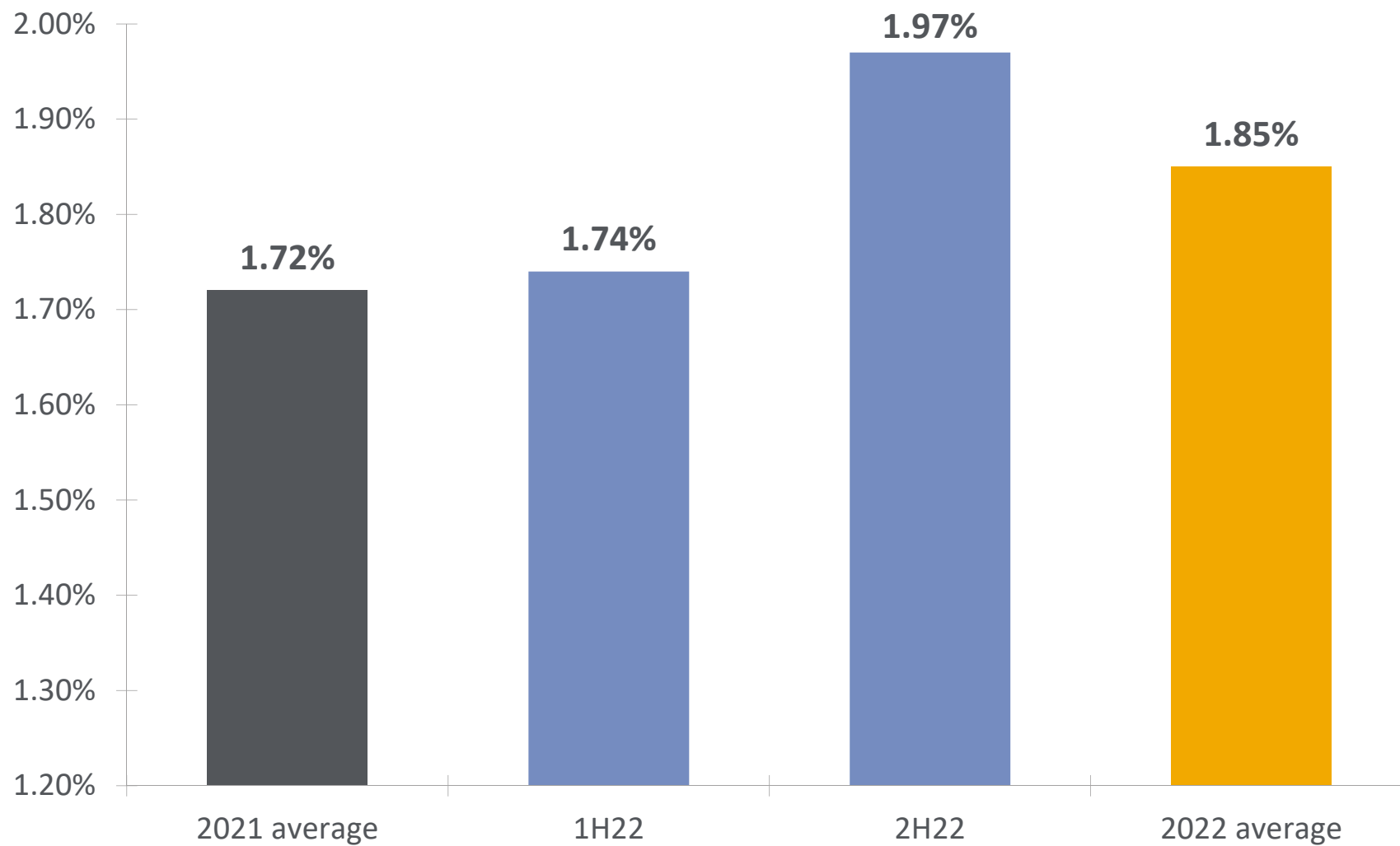




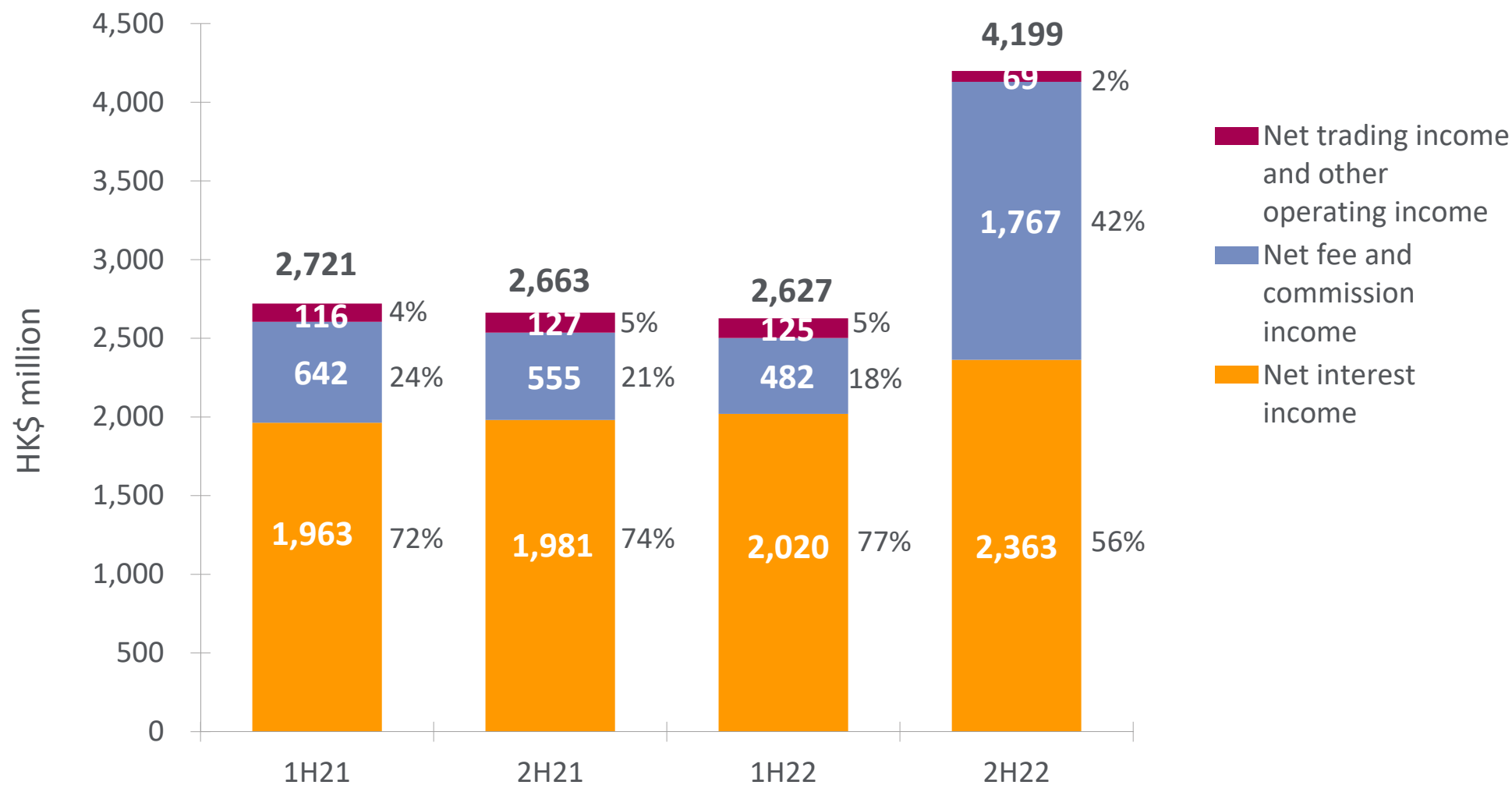
# Gross advances to customers and trade bills



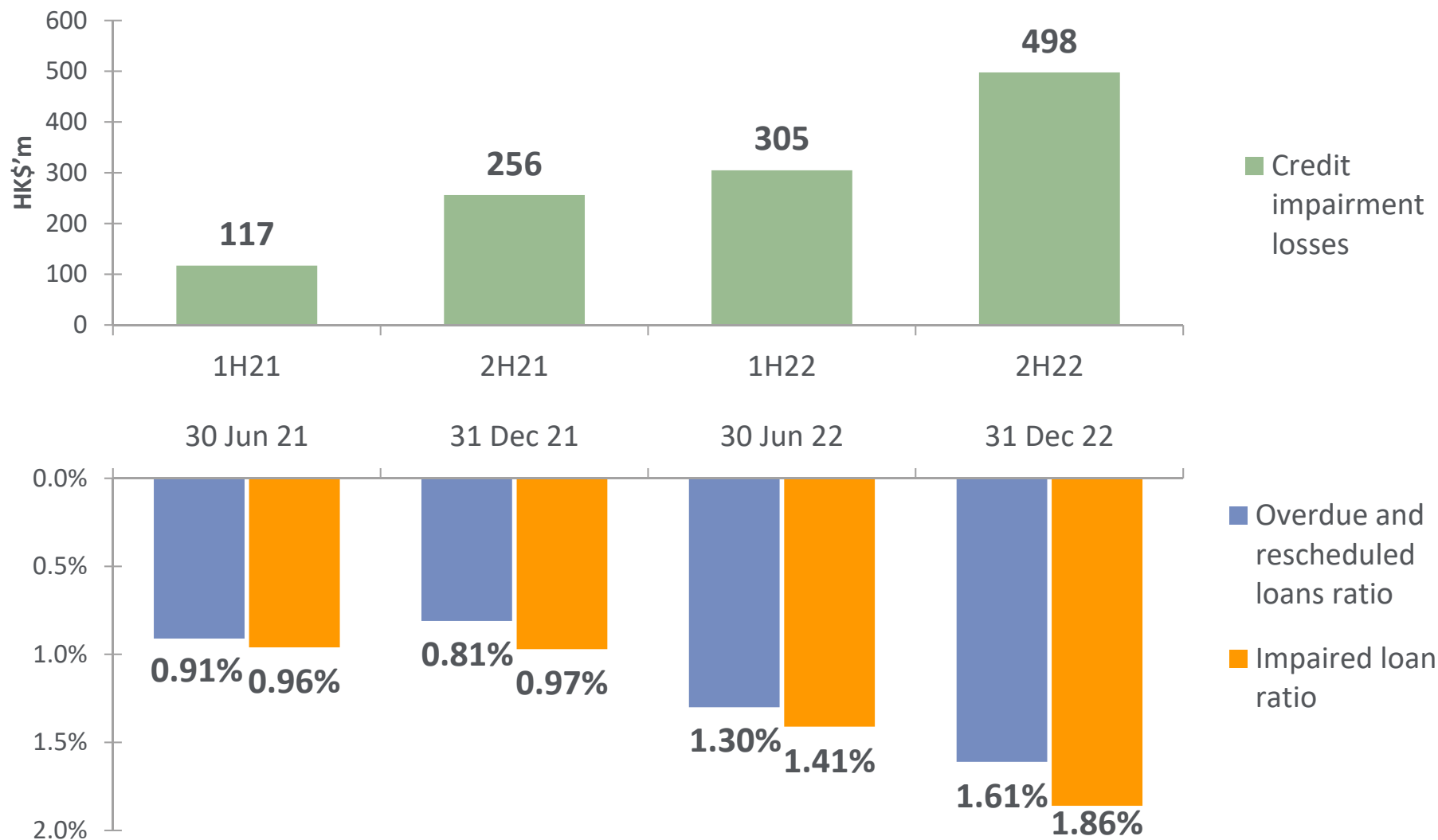
# Net interest margin



# Income from core businesses



# Credit quality



## Corporate banking

- Net interest income only decreased slightly with better NIM, despite contraction in loan volume
- Lower profitability due mainly to higher impairment charges
- Weak loan demand with shortfalls mainly in trade finance and term loans which were partly offset by an increase in syndicated loans
- Focus on managing credit quality and proactively monitoring client portfolio

## Personal banking

- Moderate increase in net interest income due to higher average loan balance and improved net interest margin
- Underlying profitability, excluding gain on termination of the former bancassurance distribution agreement down by 31%
- Steady market share in personal loans and meaningful growth in customer foreign exchange business
- Credit cost remained manageable despite unfavourable economic conditions
- Non-interest income increased due mainly to the gain on termination of the former bancassurance distribution agreement
- Growth in VIP and SME customer base by 20% and 21% respectively

## Treasury & Global Markets

- Higher segmental profit due mainly to increase in net interest income
- Customer business remained robust, particularly through our retail banking network
- Conservative liquidity management - average Liquidity Maintenance Ratio at level in excess of 45%, well above statutory requirement
- Prudent treasury portfolio with high average credit rating and relatively short duration to manage credit and interest rate risk

# Overseas banking

## Macau:

- Remained profitable despite the very difficult operating conditions in Macau
- Slight contraction in loan balance due to weak domestic demand and intense competition

## PRC:

- DSB (China): Performance affected by soft credit demand and higher loan impairment charge
- BOCQ's profit contribution decreased and our investment was impacted by a further impairment charge



# Dah Sing Financial Group

## General insurance - Underwriting

- Moderate increase in gross premiums written despite difficult operating conditions
- Modest decrease in net premium earned due mainly to more selective and cautious in underwriting
- Stable combined ratio given effective cost management
- Respectable increase in float (i.e. reserves) to HK\$744 million

## General insurance and investments - Combined results

- Robust solvency in both our Hong Kong and Macau insurance subsidiaries providing capacity to generate premiums and investment income over time
- Lower overall profit due mainly to reduced contribution from investments
- The results of our insurance business together with investment returns reported in total comprehensive income were lower mainly due to weaker investment performance than last year

# Conclusions

## Conclusions

- Our core businesses remained resilient and delivered stable performance despite a difficult operating environment
- Higher net interest income with respectable improvement in net interest margin
- Lower profit attributable to shareholders overall, with higher but manageable credit cost
- Capital and liquidity positions continued to be robust
- Impairment charge on the investment in BOCQ is non cash and has no impact on capital adequacy

